

Message Text

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SUBJ: FY 1974 COMMERCIAL ACTION PROGRAM - URUGUAY

REF: STATE 234462

1. SUMMARY. THIS TELEGRAM CONTAINS THE FY 74 CAP FOR URUGUAY BASED ON THE ASSUMPTION THAT GOU WILL IMPLEMENT ITS ANNOUNCED PROGRAMS TO STIMULATE EXPORT INDUSTRIES IN EARLY 1974.

2. THE FOLLOWING CAP IS BASED ON THE ASSUMPTION THAT THE GOU WILL IN EARLY 1974 REMOVE IMPORT RESTRICTIONS ON CAPITAL GOODS FOR PRIORITY EXPORT INDUSTRIES. FOR SEVERAL YEARS, THE IMPORT REGIME IN URUGUAY HAS BEEN UNDER SEVERE GOVERNMENT CONTROLS AND RESTRICTIONS DUE TO BALANCE OF PAYMENTS DEFICIT AND FOREIGN EXCHANGE SCARCITY. QUOTAS BASED ON PAST IMPORTS, RATHER THAN CURRENT DEMANDS OR NEEDS, ARE THE BASIS OF THE SYSTEM. OUR CURRENT ASSUMPTION FLOWS FROM THE GOU'S ECONOMIC POLICY GUIDELINES ISSUED AT SAN MIGUEL IN AUGUST AND LA NIRVANA IN OCTOBER STRESSING PRIORITY TO INDUSTRIAL PROMOTION AND FOREIGN INVESTMENT PARTICULARLY FOR EXPORT INDUSTRIES WHICH, TO BE SUCCESSFUL, WILL REQUIRE LIBERALIZATION OF IMPORTS FOR THOSE INDUSTRIES.

2. (A) OBJECTIVE ONE: OBTAIN SUBSTANTIAL SHARE OF NEW MARKET FOR FISHING BOATS AND EQUIPMENT AND ON-SHORE FISH PROCESSING PLANTS AND EQUIPMENT.

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ACTION ONE: PROMOTE WITH ALL APPROPRIATE MISSION

FACILITIES (INCLUDING USIS AND AID) FISHING INDUSTRY CATALOG SHOW BEING HELD MARCH 12 TO 15, 1974. THIS ACTION HAS STARTED AND WILL CONTINUE THROUGH THE SHOW. ACTION TWO: BY MARCH 31 A MARKET SURVEY FOR CAPITAL GOODS IN THE FISHING INDUSTRY WILL BE SUBMITTED TO THE DEPARTMENT OF COMMERCE AND TO THE PARTICIPANTS IN THE CATALOG SHOW (THIS SURVEY WILL BE PRIMARILY BASED ON AN FAO REPORT WHICH SHOULD BE RELEASED BY MARCH). ACTION THREE: BY JUNE 30 A REPORT WILL BE SUBMITTED ON THE NUMBER OF SALES GENERATED BY THE CATALOG SHOW AND AUXILIARY ACTIONS BY THE MISSION.

(B) OBJECTIVE TWO: CLOSELY MONITOR TWO LARGE POTENTIAL PROJECTS IN URUGUAY WHICH MAY REACH BIDDING STAGE IN FY 1974. THESE ARE THE PALMAR HYDROELECTRIC DAM WITH AN ESTIMATED US\$75 MILLION IN GENERATING AND TRANSMISSION MACHINERY AND SUPPLIES AND AN OFFSHORE OIL EXPLORATION PROJECT. ACTION ONE: UNLESS SOONER INDICATED, BY FEBRUARY 28 REPORTS ON BOTH OF THESE PROJECTS WILL BE SUBMITTED. ACTION TWO: WE WILL INCREASE OUR CONTACTS WITH LOCAL OFFICIALS CONCERNED WITH THESE PROJECTS AND WITH AMERICAN FIRMS HERE AND IN THE U.S. WHO HAVE EXPRESSED INTEREST IN SALES PROSPECTS OF THE PROJECTS.

(C) OBJECTIVE THREE: INCREASE OUR INPUT INTO SALES ACTIVITY OF THE REGIONAL TRADE CENTER IN BUENOS AIRES. ACTION: ONE: MAILING LIST AND PERSONAL CONTACTS WILL BE DEVELOPED TO PROMOTE APPROPRIATE URUGUAYAN ATTENDANCE AT EXHIBITIONS OF NUMERICAL CONTROL MACHINE TOOLS (MARCH 25-29). ENVIRONMENTAL CONTROL (APRIL 22-26), PROCESS CONTROL INSTRUMENTATION (MAY 13-17), AND FOOD PRODUCTS AND MEAT PACKAGING (JUNE 24-28). ACTION TWO: REPORT WILL BE SENT USTC AND DEPARTMENT OF COMMERCE ON EMBASSY PROMOTION THESE SHOWS BY JUNE 30.

(D) OBJECTIVE FOUR: IMPROVE COMMERCIAL NEWSLETTER. ACTION ONE: WITH ASSISTANCE USIS, NEWSLETTER WILL BE REDESIGNED, REDUCED, AND MAILED MONTHLY RATHER THAN BI-MONTHLY IN FEBRUARY, 1974. ACTION: TWO: MAILING LIST WILL BE CULLED TO REDUCE NEWSLETTER FROM 1200 TO 800 MOST IMPORTANT TARGETS
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BY MAY 1974. ACTION THREE: EDITORIAL CONTENT WILL BE REVIEWED AND UPGRADED WITH TARGET OF JUNE 1974 IN DEVELOPING BEST POSSIBLE STANDARDS OF CONTENT AND FORMAT.

(E) OBJECTIVE FIVE: RE-ALLOCATE EMBASSY'S AVAILABLE RESOURCES. ACTION ONE: INCREASE FROM 40 PERCENT TO 80 PERCENT TIME SPENT BY SENIOR FSL COMMERCIAL ASSISTANT ON MARKET RESEARCH. ACTION TWO: REVIEW AND IF FEASIBLE SUBMIT TO WASHINGTON BY

JANUARY 31 PROPOSAL HIRE ON PART-TIME BASIS ONE HIGHLY COMPETENT URUGUAYAN (ALREADY IDENTIFIED) TO FOLLOW AND REPORT ON DEVELOPMENTS IN LAFTA DURING CRITICAL 1974 YEAR WHEN FUTURE OF ORGANIZATION WILL BE DETERMINED IN SERIES OF MEETINGS.

3. THIS CAP PREDICATED ON NEW DIRECTION GOU ECONOMIC POLICIES SPECIFICALLY TRADE LIBERALIZATION FOR PRIORITY INDUSTRIES; IF GOU DELAYS OR FAILS TO IMPLEMENT CHANGES, REVISED CAP WILL BE SUBMITTED BY MARCH 1974.
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